

## Message Text

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PAGE 01 COLOMB 01090 280651Z  
ACTION EB-08

INFO OCT-01 NEA-10 ISO-00 CIAE-00 COME-00 DODE-00  
DOTE-00 FMC-02 INR-07 NSAE-00 CG-00 DLOS-09  
OES-06 TRSE-00 OMB-01 AID-05 AGRE-00 STR-04 /053 W  
-----280654Z 004808 /12

R 280620Z MAR 77  
FM AMEMBASSY COLOMBO  
TO SECSTATE WASHDC 6992

UNCLAS COLOMBO 1090

E.O. 11652: N/A  
TAGS: EWWT, EFIN, CE

SUBJ: INCREASED FREIGHT RATES

1. EFFECTIVE APRIL 1, FREIGHT RATES ON ALL COMMODITIES SHIPPED ON CEYLON-CONTINENTAL CONFERENCE WILL BE INCREASED 12.5 PERCENT. ON SAME DATE, RATES ON CEYLON-UK-EIRE CONFERENCE WILL GO UP 12.5 PERCENT ON TEA AND 15 PERCENT ON ALL OTHER COMMODITIES. ON JANUARY 1, 1978, RATES UNDER CEYLON-Straits-HONG KONG-JAPAN CONFERENCE WILL BE RAISED 20 PERCENT WITH EXCEPTION OF REFRIGERATED CARGOS WHICH WILL NOT BE AFFECTED FOR PRESENT.

2. WITH REGARD TO RATE INCREASES UNDER FIRST TWO CONFERENCES ABOVE, A PRESS RELEASE ISSUED BY MINISTRY OF SHIPPING, AVIATION, AND TOURISM STATED THAT A DELEGATION LED BY MR. L. C. HUDSON, CHAIRMAN OF THE CONFERENCE, HELD DISCUSSIONS REGARDING FREIGHT INCREASES WITH OFFICIALS OF THE CENTRAL FREIGHT BUREAU OF SRI LANKA DURING DECEMBER LAST YEAR. NO AGREEMENT WAS REACHED AT THAT TIME AS PROPOSED INCREASE OF 31.5 PERCENT TO AND FROM UK AND 23.2 PERCENT TO AND FROM CONTINENT WERE REJECTED BY BUREAU. AFTER SEVERAL MORE DISCUSSIONS, CONFERENCE FINALLY ACCEPTED NEW RATES PROPOSED BY FREIGHT BUREAU. LAST RATE INCREASE WAS ON JANUARY 1, 1975, AMOUNTING TO 12.5 PERCENT ON ALL COMMODITIES.

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3. COMMENT. AFTER RESISTING HIGHER FREIGHT RATES FOR SEVERAL MONTHS, IT SURPRISING THAT GSL APPROVED RATE HIKE AT TIME FINANCE MINISTER IS TRYING TO REDUCE COST OF IMPORTS. BASIC PURPOSE OF MARCH 12 RUPEE REVALUATION OF 20 PERCENT WAS TO TAX EXPORT SECTOR IN ORDER TO SUBSIDIZE IMPORTS ON EVE OF GENERAL ELECTIONS DUE THIS SUMMER. HIGHER FREIGHT RATES WILL

TEND TO ERODE BENEFITS OF REVALUATION ON IMPORT PRICES AND WILL  
ADD TO COST OF SRI LANKA'S EXPORTS.  
REED

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## Message Attributes

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**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** FREIGHT RATES  
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**Copy:** SINGLE  
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**Decapton Date:** 01-Jan-1960 12:00:00 am  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
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**Review Markings:**  
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